

The budget reviews reconvened at 11:16 a.m., and proceeded as follows:

(Mr. Chang was noted excused. Mr. Furfaro was noted present at 11:20 a.m.)

MAYORS OFFICE:

DARYL KANESHIRO: Budget review session will now come back to order. Before I have the Mayor's Office come up and do their presentation for the Mayor's Office, I'm going to open this up for anyone that would like to give testimony. Is there anyone here in the chambers that would like to speak on the budget review issues that we will be going over? Again it's the Mayor's Office budget, Economic Development, County Attorney, Prosecuting Attorney, and the Victim Witness Program Departments. Anyone here wanted to speak on that today? I see none; we will proceed with the budget review session at this time, Mayor's Office Mr. Heu you have the floor.

GARY HEU, ADMINISTRATIVE ASSISTANT: Thank you Committee Chair, good morning Committee Members for the record my name is Gary Heu, Administrative Assistant and this morning I am here to discuss the Mayor's Office budget. The Mayor is absolutely a tough act to follow and he's just discussed the Hundred million dollar operating budget with you, hundred fifty million dollars I'm sorry hundred million dollar CIP budget and so the discussion on our tiny little operation pales in comparison. What I handed out was a communication from Mayor Carvalho to Council Chair and Council members regarding our Mayor's Office budget. I'm not going to read through it but I just want to point out that the Mayor's office budget reflects the overall intent of the Mayor's desire to reduce overall expense by seven percent. What we've done is in the Mayor's Office Administrative Operations, we were able to realize an expense reduction of about Two hundred and forty thousand dollars, which represents a sixteen percent expense reduction over a current year. For the overall Mayor's Office budget which also includes the Boards and Commissions operations, equal access and youth programs, we were able to realize a Two hundred and sixty seven almost a two hundred sixty eight thousand dollar reduction, and that translates into approximately eleven point two percent. Again I think what the Mayor wanted to do was to lead by example and that his office and his operations were able to attain that seven percent reduction that we had asked for across the board from all of our administrative departments. As the memo continues you're able to see certain areas that we were able to take those reductions and then, and one thing of note and which is what the Mayor talked about a bit in his message was the fact that we had a dollar funded position in the Mayor's office. What we've done is we have transferred salary funding from Public Works, anyway as I was saying the bullet point number five basically just real briefly indicates that we've taken the dollar funded position we fully funded it I believe at about seventy eight thousand dollars. The purpose of that position, it really is a Capitol Program Manager position and what I would like to do is when we come back to have a discussion on the overall CIP budget which is going to be in a couple of weeks, what I proposed to do is come with a comprehensive justification for this position and also a documented discussion in terms of how it is that we proposed to on a going forward basis manage the overall capitol program for the County. As it has been indicated by both by the Mayor and Council member Bynum and others that it is truly a crucial issue and I think that what we're looking at or what I hope to show you folks when we come back for that discussion is truly the kind of return on investment that we anticipate getting from putting that seventy eight thousand dollars in support of this position. So in a nutshell those were the significant budgetary items in the Mayor's budget for this year, they all roll up to again that eleven point two, expense reduction that I identified when I first started out and I would be more than happy to answer any specific questions that you might have about the Mayor's office budget.

Mr. Kaneshiro: Okay thank you Mr. Heu. As Gary stated we will be discussing the budget Managers position when we take up the CIP budget. So if you have some questions you can probably write the questions up and I can get it to them and once we have the CIP budget review he will be discussing that position. Other than that any members have any questions for the Mayor's budget overall for his office. Mr. Furfaro.

JAY FURFARO: More of just a comment. Gary I'm pleased to see that we are going to get more information on this Capitol improvement project manager. I think that one of the things we have to realize is that much of the stimulus money that we get will also and have been getting a scrutinize documentation of its spending. Should I assume that when we get to the CIP you will be able to talk to us about the actual project release form and what it's going to be looking like. Is that something we're going to see when we get the CIP?

Mr. Heu: Yes I think the intent would be to show you folks an example of what we are attempting to implement, and just as a side note I mean you folks have been hearing a lot about this acronym PID and it really has taken a lot of time and energy just to get us to where we are now. Although I think we would all acknowledge or at least those of us who are aware of what this PID attempts to do, we acknowledge that it's a good step but I also want to caveat that it's a very tiny incremental step in terms of moving us to where we want to be. It really is a document that is it's a lead in document to a very, very large, large process so we are just starting down that road and I would anticipate it's going to be a number of years before we are able to realize a true capitol program Management system. Which is I think is long overdue for the County but at least we have taken that first step and I think that's encouraging.

Mr. Furfaro: I think whatever accruelement you want to label it with but at the end of the day it's about managing the project completion inspects and the monies associated with it. Clearly it's nice to start with the end in mind but also here with the end in mind I would like to say that we need to comply with general accepted Government practices for accounting. We have an Audit department now and I think Mr. Rezentes might blink when I say this but the reality is with our own internal audit department, we may be able to only to an outside contracted audit once every two years if we are doing this correctly which is all that our charter requires us which could be another Four hundred thousand dollars of savings so I just wanted to throw that out. Thank you Chairman.

Mr. Kaneshiro: Okay, do any other members have questions for Mr. Heu?
Mr. Bynum, go ahead.

TIM BYNUM: Good morning Gary!

Mr. Heu: Good morning.

Mr. Bynum: You are kind of reorganizing some also that John, Boards and Commissions Administrator John is going to be the drug program and ADA Coordinator are going to be under his leadership?

Mr. Heu: Right that has happened during this fiscal year.

Mr. Bynum: It's already happened?

Mr. Heu: Yes, we didn't make the financial transfer of accounts but from a supervisory stand point that has taken place already so that John, I mean the mayor's office they still in other words the drug prevention program and the equal access program still falls under the Mayor's office. It is just within the Mayor's office they have moved to the direct supervision of Mr. Isobe.

Mr. Bynum: Okay and is there a rationale for that change?

Mr. Heu: I think it's just a matter of looking at the overall operations and there was a time where they reported directly up to me, but right now on a daily basis I oversee

thirteen departments and agencies. So just to give them the attention that they need we have made that switch.

Mr. Bynum: So it's more than just proximity.

Mr. Heu: Yes it is.

Mr. Bynum: Okay, and In the Mayor's budget the Forty thousand dollar line item for anti drug programs is gone, if we are cutting the entire Forty thousand?

Mr. Heu: I think if you look at under Boards and Commissions, if you look under Boards and Commissions there should be special projects for Thirty eight thousand.

Mr. Bynum: Oh okay so...

Mr. Heu: So that moved with Theresa.

Mr. Bynum: Okay, good answer. So it's not in the Mayor's Budget because it just moved to a different category.

Mr. Heu: Yeah so you've got the Administrative budget and that you've got Boards and Commissions so it's moved and it's now located under Boards and Commissions.

Mr. Furfaro: And on some of the special projects you've made kind of are these cuts I haven't done the math. Are they percentage like a straight percentage?

Mr. Heu: Okay so now you're going back to special projects under the Mayor's office.

Mr. Bynum: Right.

Mr. Heu: Yes primarily we looked at as a general rule for our outside non-profits we reduced those allocations by about twenty percent. There are other line items under special projects such as Employee Council where we cut significantly more than that so yeah just for special projects alone we reduced that line item by Fifty six percent a total of a hundred and seventy one thousand dollars.

Mr. Bynum: And that leads to my next question which is we decided against funding a DC lobbyist?

Mr. Heu: Currently that's how we sent the budget over and I think that was one route that we grappled with and I had an offline discussion with certain Council members you know talking about I mean there might be the possibility that come May 8th we might say that we may want to fund that line item but at a reduced level. Part of what lead to that decision was the sort of relationship building that is taking place between our Mayor and certain Congressional members as well as their staff and trying to see where in a time where we're looking at cutting cost seeing if some of those functions that our lobbyist currently performs can't be picked up with our existing resources and then using our relationship or the Mayor's relationship with our Congressional delegation as a way to otherwise perform some of those functions that a lobbyist would perform. I know that Council member Kawakami also spent a bit of time in DC and was able to meet with our congressional delegation and we feel that now might be the time especially when we're looking at opportunities to reduce expense and do things in a different way that would overall save us money that these are things that we might want to consider. So that's why when we sent over the budget on March 15th we decided, we determined that at that point and time we would

remove it from the budget and allow ourselves additional time to talk between now and may 8th and to see if it might resurface that as a reduced expense or we will continue to leave it out of the budget, but certainly we are more than happy to have that discussion on the floor with Council members.

Mr. Bynum: I mean this has a history and I felt in the past that at first it wasn't well handled and there wasn't a good collaboration between the Council and the Administration. When we hired the Ferguson group I felt like all of those issues largely got resolved and that was a real asset to the County. I appreciate your answer in terms of the relationships that are being developed and the really capable work that Council member Kawakami has done as our intergovernmental person and so I don't want to diminish those things at all but it's very powerful to have someone as competent as the Ferguson in DC looking out after our interest and I have been very supportive of that. I was surprised to see that cut in your budget and for that cut you said the fifty six percent the line share of it is right there, and does that fifty-six include the transferred forty thousand?

Mr. Heu: Ah let's see.

Mr. Bynum: Doesn't matter. Never mind.

Mr. Heu: Yeah I would have to look. Quite possibly though.

Mr. Bynum: I just wanted to express my concern about that and hopefully we have ongoing dialog, but that didn't come because you were unhappy with the services provided by our lobbyist?

Mr. Heu: No in fact we got a really good working relationship with the Ferguson group. They have been in our assessment very, very efficient in the way they get the work done. They are able to work directly with them in getting the information they need, getting us a place where we can get an agenda packaged. They know the ropes in terms of all the forms and all the processes you need to go through to get to an agenda that is and can be called official and can be submitted to Congressional staff and be taken seriously. So they have done good work.

Mr. Bynum: It's like only one year and that's the kind of thing might bear fruit over time even more fruit and with one. There in the right place at the right time with the right information just one time can make a huge difference. So thanks for that answer you are also happy with the product that we have gotten from them.

Mr. Heu: Yes in particular the upfront work that they do in helping us to put the package together.

Mr. Bynum: I don't want to belabor this but also we have a Congressional team of four and twenty five percent of that is going to change this year so we don't know who it's going to be and those will be new relationships and so hopefully we can discuss this more in the future.

Mr. Heu: Sure.

Mr. Kaneshiro: Let me say this also, concur with Mr. Bynum in fact Mr. Kawakami and I are having dialogs ongoing dialogs with the Administration about this particular position too so. I guess as we move along through the process we will be addressing the issue more so that did pop up too and I just wanted to point that out.

Mr. Heu: And I'm sorry but going back to your question. That Forty thousand is included in the reduction that's shown.

Mr. Bynum: So some of the changes in the Boards and Commissions budget the increase are about transfers not new positions? Or are there new positions in Boards and Commissions?

Mr. Heu: I think...

Mr. Bynum: Or is that separate and we are not discussing that now?

Mr. Heu: Oh we can discuss that. There was a separate sheet that was passed out that deals primarily with positions and so in terms of expense there is no additional expense relative to salaries. You will see that the third position down Commission Support Clerk, Position E-63, that position is funded at a dollar because it will in fact be funded by the Department of Water and what that was if you look on the very last sheet of that handout you will see that our Boards and Commissions Administrator is working closely with the Board of Water to help them through a transition period in their staffing. So we have the position and they will fund that position, I think it actually outlines the dates for which that position would be used. It would be no cost to the General fund so salaries and well as benefits all comes from the Water Department.

Mr. Bynum: But these other positions, Project Specialist, Data Specialist, are those new positions?

Mr. Heu: Those are positions that are grant funded. Grant funded.

Mr. Bynum: Oh grant funded.

Mr. Heu: Yeah grant funded so again they don't show up in the General Fund.

Mr. Bynum: I that there's four really competent support people their right?

Mr. Heu: Right.

Mr. Bynum: And that remains the same?

Mr. Heu: Yes.

Mr. Bynum: Okay, thank you.

Mr. Kaneshiro: Go ahead Councilmember Kawahara.

LANI KAWAHARA: Thank you budget Chair. Good morning Gary.

Mr. Heu: Good morning.

Ms. Kawahara: I had the same concerns when I saw the DC lobbyist wasn't in the budget and I'm glad to hear that both budget Chair and the other council member is looking into that and trying to dialog with you. I understand that there is a relationship building and networking between the mayor and different departments here, but we all know how swamped and how huge the Congress is and how little voice we have from this distance. I would be curious to know and again it was just our first year that we had them and the reports that they did send to us I found useful. I am curious about what if we saving money on that, how much money would we possibly lose by not having them there to alert us of hey? Especially with ARAA funds, any kind of special

programs that there actually thinking about us when it pops up there, that we would be alerted too versus us not having them and us missing that kind of opportunity. How did that figure into your possible decision to not have them in the budget?

Mr. Heu: Well again when we were looking at again the various opportunities to reduce expense this absolutely popped up as one of those that we had to look at. How do we mitigate not having somebody on the ground and you know with eyes and ears wide open looking for all the opportunities for our little County. I mean I really think that if we go forward with no lobbyist, no DC presence and it's going to be incumbents upon people like myself and other staff members to get a lot closer with the Congressional staff. We have relationships with Representative Hirono and her Chief of Staff Ann Stewart out of Honolulu. We maintain fairly close ties with Senator Inouye's Chief of Staff down here Jennifer Sabas and Alan Yamamoto. We would just have to kind of re-double our efforts to make sure that we are totally plugged into them because obviously staff members, I mean at that level do have to hold alive that knowledge and information that is very useful to the Counties. Whether or not they will always have the time to advise us when things are popping up versus us having to initiate the discussion I mean I think that's what it's going to take. We are going to have to keep more tightly plugged in with them and communicate a lot more often with them.

Ms. Kawahara: The Ferguson group didn't only network with those offices our delegations there; they were hooked into all of the budgeting and all of the information coming out of every office and whatever meeting they were having about distribution of funds, working with our delegation and your people having to bird dog things that are happening on a daily basis that I think would be difficult for you on top of what you're doing now plus the fact that we're not going to get much money from the State anymore. The only other money resource would be the Feds and obviously the hundred thousand dollars for the contract would be something and I'm glad that you're looking at it but my concern is the balance between what we're going to lose in money opportunities that you would never even know to ask about that could come up and usually do come up during a session.

Mr. Heu: The other way is that we get a heads up, is that we are on distributions for various Federal Agencies, EPA, Department of Agriculture and so as grant opportunities come up a lot of times before they are even available to the public we are getting a heads up so that another means of getting information. We also have in the County within the Finance Department a Grant Administrator, now Wally and I have talked very briefly about the potential of looking at that position being used to you know I think you know Ann wouldn't occupy that position and I think she does do the scan in terms of opportunities that are starting to surface but again we would have to keep her a little more plugged in or make sure she is a little more plugged in to be looking for those opportunities. There is no doubt that you know the money that we have spent on a lobbyist has been helpful and I can't say that it hasn't been, that's not the reason that we're proposing to pull the plug. We definitely see value but again when we have to look at reducing cost I mean we got to look at things that we don't normally do.

Ms. Kawahara: Are you able to provide us with a return on investment type of thing on that specific contract?

Mr. Heu: We probably could.

Ms. Kawahara: Like what we got out of it and not just the contacts but actual information that leads to something that came to flourish for the County.

Mr. Heu: Yeah we could attempt to do that but I'm not sure if you can make a one for one comparison because some of the funding that we may have received during the year that we had this lobbyist on contract might have already been in the pipe and it just came to

flourish during that particular year. We would have to go through and do that kind of analysis but we could attempt to do that.

Ms. Kawahara: Okay. And again it is something that should be on the table, so I'm glad it's there. Just the overall infrastructure of having a whole company there to do it versus you guys having to handle what's here on a daily basis plus having an ear open as to what's happening in DC again with the State where it is and the Federal Government seeming to have looking out for Counties a little more. That's my concern, so thank you and should I write and have a request sent?

Mr. Heu: Yes.

Ms. Kawahara: Chair?

Mr. Kaneshiro: We will go ahead and send a request from you Lani on that.

Ms. Kawahara: Okay and can I still ask about programs, the other special programs?

Mr. Kaneshiro: Yes.

Ms. Kawahara: I did notice this new youth congressional intern and I think that's new for Seven thousand, if you could tell me a little bit about that?

Mr. Heu: Yeah this came out of a HCOM initiative so the Mayor's got together and felt that it would be good to collectively support sending an intern from each of the Counties to Washington DC on an internship basis and so that's what that reflects and it's not the total cost. I can't recall I can get more detail on the program.

Ms. Kawahara: Yes please.

Mr. Heu: Yeah and I'm not sure the exact duration of the program but this would help to defray the cost it's not fully funding a particular intern position.

Ms. Kawahara: What age level or what target group are they looking at?

Mr. Heu: I believe but I'm not going to say. Let me go get the detail on it and that way you will be very clear.

Ms. Kawahara: Okay thank you. And I see the continuation of the sister city program.

Mr. Heu: Yes.

Ms. Kawahara: And I see George over there reacting so I'm going to want more information on that I think.

Mr. Heu: Okay and then maybe on your request if you can just be specific in terms of what it is that you want.

Ms. Kawahara: I do, I have written down some specific questions that I will send over. I don't think I will ask them here but I will have them more like exactly what we get out of it kind of what the value is of it.

Mr. Heu: Sure.

Ms. Kawahara: How long it's been in place? And yeah what we've gotten out of it in returns and whatever.

Mr. Heu: Okay.

Mr. Kawahara: Thank you very much. Thank you budget Chair.

Mr. Kaneshiro: Alright, Mr. Furfaro.

Mr. Furfaro: I just want to make sure I can follow this audit trail on these two positions a little bit. For the Commission Support Clerk that Mr. Bynum talked about earlier, do I recall that this was transferred from golf a year ago?

Mr. Heu: Oh no it was just transferred very recently let's see no it would have been within the last month or so and maybe even more recently um let's see April 1st.

Mr. Furfaro: Okay so it is recent then?

Mr. Heu: Yes.

Mr. Furfaro: Okay I just wanted to see if there's, so if there's savings here, where is it showing up because this is now telling me that it's transferred from golf but the future one is going to be funded by water.

Mr. Heu: Yes there is no savings per say because it was a dollar funded position within golf.

Mr. Furfaro: Okay.

Mr. Heu: All we're doing is using the position.

Mr. Furfaro: Okay I got it. I was looking for it from the last year and I couldn't find it so I got it.

Mr. Heu: Oh okay right.

Mr. Furfaro: And let me ask you whether you used the acronym for the forms or so forth as we're dealing with capitol project management? On this capitol project manager position, the narrative indicates that he's going to be funded by some grant monies.

Gary Heu: Really let me see.

Mr. Furfaro: At least that's how I'm following it.

Mr. Heu: Ah narrative, where are you referring too?

Mr. Furfaro: I'm reading item 5H2 of the expanded narrative utilizing a vacant dollar funded position and funding from a vacant position in Public Works Engineering to create a CIP Project Manager position and support all CIP projects from our department and agencies. So when we get grant monies that go into engineering for a specific project if you recall we were going to earmark ten percent of projects to help fund this project manager in the past. Is that no longer the case?

Mr. Heu: Not for this position yeah it's going to be a hard dollar funded position.

Mr. Furfaro: I just wanted to get some clarification and you did remember I think the Council agreed that if we had a project that was Two hundred thousand dollars we would earmark a contingency fee to help fund a Project Managers Position.

Mr. Heu: That would be for more really you would be talking about Project Management / Construction Management.

Mr. Furfaro: Yeah that was the results of our discussion on Kīlauea gym.

Mr. Heu: Right, this is a much higher level type of thing to oversee the entire capitol program.

Mr. Furfaro: I'm not talking about a specific grade I'm trying to find out the money.

Mr. Heu: Yeah, Yeah.

Mr. Furfaro: So there's no possibility that you're going to earmark some capitol project monies to actually contribute to his fee? This is going to be a budgeted item?

Mr. Heu: That's correct. What you're talking about is definitely going to be considered to in terms of how we manage specific projects, so what you say is true in that respect but relative to this specific position no it's going to be a hard cost.

Mr. Furfaro: Are we currently still practicing that?

Mr. Heu: Yes.

Mr. Furfaro: With projects and whether it's something with roads in Puhi or something with the senior center's being up graded as planned and the Mayor's plan, we are still doing that?

Mr. Heu: Charging back to projects, yes.

Mr. Furfaro: Okay, Thank you.

Mr. Kaneshiro: Okay, any other questions for the Mayor's office budget?

Mr. Bynum: Real quick.

Mr. Kaneshiro: Okay, Mr. Bynum.

Mr. Bynum: There still an Employee Council yeah?

Mr. Heu: There still Employee Council yes.

Mr. Furfaro: And who's in charge? Do they have officers?

Mr. Heu: Yes they do have officers and my last recollection was that Max Klutke was the chair.

Mr. Bynum: I'm just very supportive of the Employee Council and their efforts and the things that they've done and it's been really good for the County I think.

Mr. Heu: Absolutely.

Mr. Bynum: Looking forward to Halloween every year.

Mr. Heu: I will let them know.

Mr. Kaneshiro: Alright thank you. Mr. Chair.

KAIPO ASING: Yeah Gary, first of all I do share the concerns of Council members regarding the Ferguson group but through my research and my discussions with the Administration and others. I am convinced that the move that you're making now is a prudent move in spite of the economic conditions that we have now. So I don't have any questions I think that it's something that we do or don't do and in looking at the plusses, minuses, benefits, etc, I agree with the move so I don't have any questions on that. I do however have, I agree with the capitol program manager it's not a question. I do know that about five years ago we did bring in a person from the outside to do exactly that. That was the reason we brought him in and five years go by and all of a sudden we now need a program manager. So what happened is the concern? So you bring him in for that purpose and it was all CIP projects as I understand it. Reporting to the engineers office that's my understanding and then now we do this. I agree they should be one to follow all the CIP projects but we had one and all of a sudden, he is doing something else. I just want to express that concern that we had it before we realized then the need to track all of the projects and to identify and to make sure we know where we are all the time but it just disappears and he changes and does other things. So I just wanted to leave that with you. Other than that I don't have any questions, thank you.

Mr. Kaneshiro: Okay. With that Gary we will come over with a written request.

Mr. Heu: Okay.

Mr. Kaneshiro: So again we will take that up when the CIP budget comes up.

Mr. Heu: Great.

Mr. Kaneshiro: Give you some time to look at the questions that we posed by some of our Committee members today.

Mr. Heu: Okay great. Thank you very much.

Mr. Kaneshiro: Thank you very much Gary. Do we members want to start with Economic Development at this time? I know we're going to have to break for lunch at about twelve o'clock and the simple reasons, twelve thirty we got until twelve thirty is that correct?

Mr. Furfaro: Is our schedule until twelve or twelve thirty?
Twelve o'clock.

Mr. Kaneshiro: It is scheduled until twelve.

Mr. Asing: Why don't we do as much as we can?

Mr. Kaneshiro: Okay, why don't we do that because and I apologize for this because we were actually an hour behind schedule because of the technical difficulties we had earlier with Hoike. Mr. Costa.

The Mayor's Office departmental budget review concluded at 11:54 a.m., and there being no objections, the Chair recessed the meeting.